

## Organizing a Business Transparency # 1

<b>Type of Business</b>	<b>Sole Proprietorship</b>	<b>Partnership</b>	<b>Corporation</b>
<b>Definition</b>	A form of business that is owned and operated by one person.	A form of business that is owned and operated by two or more people.	A form of business that is created by law as a “person” owned by stockholders.
<b>Advantages</b>	<ul style="list-style-type: none"> <li>• One person in charge means less confusion</li> <li>• Small start up costs</li> <li>• The owner receives all the profits</li> <li>• Can be easily opened or dissolved when necessary</li> </ul>	<ul style="list-style-type: none"> <li>• Losses are shared by all partners</li> <li>• More capital is available</li> <li>• Sharing of management duties</li> <li>• Taxes are shared by all partners</li> </ul>	<ul style="list-style-type: none"> <li>• Limited liability</li> <li>• Easy to raise capital by selling stocks or bonds</li> <li>• Responsibilities divided among many</li> <li>• Easy change of ownership if a profit exists</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>• One person takes all the losses</li> <li>• There is unlimited liability</li> <li>• It is harder to raise capital</li> <li>• Owners pays all the taxes</li> <li>• Usually do not survive past the owner</li> </ul>	<ul style="list-style-type: none"> <li>• Division of authority</li> <li>• Unlimited liability</li> <li>• Can still be difficult to raise capital</li> <li>• Legal complications can occur</li> <li>• Profits must be shared</li> </ul>	<ul style="list-style-type: none"> <li>• Very expensive and difficult to set up</li> <li>• Double taxation</li> <li>• Owners sometimes have little direct control over the business</li> <li>• Stock price does not always reflect true value</li> </ul>

Follow (sole proprietorship, partnership, or corporation) and the rationale for selecting Transparency # 1.

## **Business Plan**

### **Part 1**

### **Selecting A Way to Organize the Business**

You decide to begin your own business to manufacture a product and must develop a business plan. Begin your plan by writing the following:

- Page One – a title page that includes your name, the name of your company, a brief (1 to 2 sentences) description of your product, a slogan, and a company logo or trademark.
- Page Two – a one-page description of the product you intend to make, the resources you will use to make it, and the reasons you feel you can be successful at producing it.
- Page Three – a one-page description of the form of business organization you will have over the other two.